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March 10, 1999

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Ms. Magalie R. Salas  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, DC 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**Ex Parte:**      **Deployment of Wireline Services Offering Advanced Telecommunications  
Capability - CC Docket No. 98-147**

Dear Ms. Salas,

On Tuesday, March 9, 1999, Alan Ciamporzero, Jeff Linder and I, representing GTE spoke with Kyle Dixon of Commissioner Powell's office regarding the proceeding referenced above. Separately, on Wednesday, March 10, 1999, Brian Tremont and I met with Robert Atkinson, Yog Varma, Carol Matthey, Jane Jackson, Jordon Goldstein, Staci Pies and Susan Fox of the Common Carrier Bureau.

In both meetings, we reviewed GTE's current deployment of ADSL services through its incumbent local exchange carrier and the implication of Section 251(c)(4) of the Act as it relates to xDSL-type services. Specifically, ADSL services that GTE provides on a wholesale basis to ISPs are not "retail" services and, therefore, are not subject to the resale discount provisions of either Section 251(c)(4) nor 252(d)(3). Further, we discussed the similarities in the manner in which GTE provides ADSL to ISPs and the manner in which access services are provisioned to IXCs. Finally, we discussed how the imposition of the Section 251(c)(4) requirements to GTE's ADSL wholesale offering could limit GTE's ability to offer competitive pricing structures to ISPs, thereby impeding its ability to rapidly deploy these services throughout its serving territory. The attached material was used in the discussions.

Pursuant to Section 1.1206(a)(1) of the Commission's rules, and original and one copy of this letter are being submitted to the Office of the Secretary. Please associate this notification with the record of CC Docket 98-147.

If you have any questions regarding this filing, please call me at (202) 463-5293.

Sincerely,

W. Scott Randolph  
Director - Regulatory Matters

Attachment

cc:      Kyle Dixon  
         Robert Atkinson  
         Yog Varma  
         Carol Matthey  
         Jane Jackson  
         Jordon Goldstein  
         Staci Pies  
         Susan Fox

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## Resale Obligations of Section 251(c)(4) and ADSL

ADSL services that are offered on a wholesale basis to Internet Service Providers and other carriers for resale are not subject to a wholesale discount under Section 251(c)(4) of the Act.

Section 251(c)(4) applies to "any telecommunications service that the carrier provides at *retail* to subscribers that are not telecommunications carriers."

"Retail" is defined as "The sale of commodities or goods in small quantities directly to the ultimate consumer." *Webster's Ninth New Collegiate Dictionary*, Merrium Webster, 1989.

GTE provides wholesale-rated ADSL services to ISPs for resale; thus these services are not "retail" services subject to a wholesale discount under Section 252(d)(3).

Wholesale ADSL services provided by GTE are not fundamentally different from access services for which the FCC concluded were not subject to 251(c)(4).

Existing interconnection agreements could be interpreted to permit up to a 25% discount off of GTE's lowest tariffed ADSL price – *without any formal determination or quantification of potential "avoided costs" in current ADSL prices.*

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# GTE Federal Tariff Rates

	<u>Speed</u>	<u>MM</u>	<u>1 Year</u>			<u>3 Year</u>		
			<u>0 - 499</u>	<u>500 - 1500</u>	<u>1500+</u>	<u>0 - 499</u>	<u>500 - 1500</u>	<u>1500+</u>
<b>Bronze</b>	256 X 64	\$40	35	34	33	32	31	30
<b>Silver</b>	384 X 384	\$60	55	53	51	49	47	45
<b>Gold</b>	768 X 768	\$80	70	68	65	63	61	59
<b>Platinum</b>	1.5 X 768	\$120	100	95	90	85	80	75
<b>Platinum+</b>	1.5 X 768	\$250	230	215	205	200	194	186

## Wholesale ADSL Service

## Access Service

ISP connects to frame relay switch via frame relay service or directly to DSLAM equipment via DS1/DS3 high capacity services (proposed).	IXC connects to frame relay switch or terminal equipment in central office via frame relay service or DS1/DS3 high capacity services.
ADSL service provided between central office and end user premises is dedicated to that end user's use – "always on".	Special access service provided between central office and end user premises is dedicated to that end user's use – "always on".
ISP directs GTE to install ADSL service to ISP-designated end user location – ordered via Access Service Request.	IXC directs GTE to install special access service to IXC-designated end user location – ordered via Access Service Request.
GTE bills ISP for ADSL service, ISP combines GTE's ADSL service with Internet Access and bills the end user.	GTE bills IXC for special access service, IXC combines GTE's special access service with its data and/or voice transmission service and bills end user.
GTE bills ISP wholesale discounts based on end user volume and term plans: 1 and 3 year term plans; volume discounts for up to 499 lines, 500-1500 lines, over 1500 lines. GTOC Tariff FCC No. 1, Section 16.6(F)(3). Termination liability applies.	GTE bills IXC wholesale discounts based on end user volume and term plans: 1,2,3,4 or 5 year term plans; volume discounts for up to 60 lines, 61-120, 121-240, 240-500, 501-1000 lines, etc. GTOC Tariff FCC No. 1, Section 5.6.14 (A) and (D). Termination liability applies.

## GTE ADSL Service Configuration

